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Micro and Small Enterprises Project



USAID Micro and Small Enterprises Project

Quarterly Narrative Report October - December 2015

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About the Implementer

Foundation CEED Macedonia is part of the Center for Entrepreneurship and Executive Development (CEED) Global, a network of managerial and entrepreneurial centers established by the U.S investment firm SEAF to accelerate SME growth as well as to promote an entrepreneurial culture throughout Southeastern Europe. With on-the-ground centers in Bulgaria, Romania, Slovenia, Montenegro, Macedonia, Serbia, and Kosovo, a new center in Armenia (2012) and with outreach activities in 2011/2012 to Poland and Turkey, CEED promotes private sector development, assists the growth of SMEs, helps create jobs, and contributes to economic stability. CEED provides entrepreneurs the three key drivers of business growth: capacity building training, access to finance, and access to new markets. Importantly, CEED provides these benefits within a community of connected entrepreneurs, thus building a holistic entrepreneur ecosystem in which interpersonal trust can be built and where the national, ethnic and geographic fragmentation of the Balkans can, for the purposes of mutual business development, be marginalized. CEED is a legacy activity for USAID and SEAF, with funding tracing to reflows from USAID grant investments in SEAF funds.

Foundation CEED Macedonia established operations in September 2007 as the fifth center in the network of entrepreneurial and managerial centers. The implementations of the CEED Grow Programs (formerly known as Top Class Programs) has been our core activity since our establishment and were attended by over 250 Macedonian entrepreneurs and managers ready to pay market prices for such innovative learning experience. CEED Macedonia has managed to position itself on the Macedonian market as a unique and innovative local business support service provider that designs and delivers management, leadership and personal development CEED Grow learning programs and business consulting services.

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I. Executive Summary

This Quarterly Narrative Report covers the period **October – December 2015**, in which we started the recruitment of participants for the new generations of Entrepreneurs Class program, as well as recruitment of participants for the Advance programs.

On October 14th 2015, the annual Certificates Awarding Ceremony was organized, where 117 participants and 47 mentors in the programs implemented within the project were awarded with certificates for participation. At this event, approximately 300 entrepreneurs, managers and mentors were awarded with certificates for membership in the CEED Business and Education Club, as well as for the participation in the training programs in CEED and MSEP. The event was well covered by local and regional media.

As of the start of the project in July 2011, total of 181 project beneficiaries used or expressed interest to use offered Business Support services such as: technical assistance from local consultants, technical assistance from international consultants, support for accessing the neighboring markets and regional markets, attending local conferences etc.

In the reporting period we organized three events for pitching business ideas within the Business Angels Co-Investment Fund (BACIF) activities. In September 2015 the Business Angels – investors in the WeLrn (the first BACIF investment) had a regular meeting with the owner to discuss the progress and planned company's next steps.

The MSEP team further developed the activities under the sub-component Access to a Business Support and Growth Environment and submitted them to USAID for an approval. The purpose of this activity is to provide access to innovative and inspirational working environment to 50 early phase entrepreneurs and companies, free-lancers and individuals who would like to start their own business in order to instigate the growth and development of the businesses, that would subsequently lead to creation of new jobs.

Five MSEP project beneficiaries were co-financed to participate at the Macedonia Investment Summit organized by Macedonia 2025 in Skopje in the period November 18-20, 2015.

MIF investees showed positive trends in their operations. Aronija's annual sales revenues in 2015 increased by 21% (YoY), reaching MKD 39.8 million (≈USD 737k). Geonet ended the year 2015 with signed agreements for cooperation with several prospect partners, i.e. partners that will offer Geonet's GPS solutions on the markets in Kenia and USA (Tulsa, Oklahoma and Chicago). The number of employees in Extra Fungi reached 25, which is increase of 17 (newly created jobs) since MIF's initial investment. The increased working capital in Ekoplast - Tehnika resulted in exceeding MIF's projected sales level by 22%, while the company's sales revenues in 2015 increased by 76% reaching MKD 23 million (≈USD 422k). Certiadria's 2015 results exceeded the MIF's projected sales level for approximately 107% and the threshold level for the royalty fees. Currently the number of company employees is 2, which is addition of 1 newly created job since the MIF's initial investment.

In the reporting period CEED submitted to USAID request for non-cost extension of the project through March 2017.

II. Sector Developments

According to the data announced by the State Statistical Office in December 2015, the number of employed persons in Macedonia is 711,000 which compared to 2006 when there were 560,000 employed person is increase of 150,000 new employments. The majority of these new jobs are created in the industry – 16,500 jobs, in trade – 35,000 jobs, transport and communication – 24,000 and the rest 74,500 in other sectors.

The end of the year was time when EU and Macedonian governmental officials promoted and summarized results of two EU supported programs. The EU supported Competitiveness of Small and Medium Enterprises- COSME 2014 – 2020 has total budget of 2,3 billion euros and has 4 components: access to finance, access to new markets, improvement of framework conditions and entrepreneurship promotion. Macedonia is equal partner in the program and thus Macedonian SMEs have an opportunity to apply with projects for usage of funds, business support services and improvement of their competitiveness. Enterprise Europe Network is one of the projects implemented within this program. The National Agency for European Educational Programs and Mobility presented the projects implemented in 2015 within the EU-funded Erasmus Plus program which shall be part of the competition for selection of most successful projects of the European Commission from the entire territory of Europe. This year, the usage of available funds for Macedonia is extremely high – 96% of available 4,230,000 EUR were used. In the period 2013 – 2015 over 300 projects from Macedonia have been approved within this program. In 2015, 96 projects were approved and applied 316 projects.

Innovative projects shall be implemented by 10 start-ups and spin-offs with grants in amounts up to 30,000 EUR received within the second call of the Fund for innovations and technological development. Within the same call 7 companies will commercialize their innovations with grants in amounts up to 100,000 EUR. These 17 projects were selected as most prospective ones among 95 received applications. Within the 2016 budget the Fund has available 2,650,000 EUR for planned support of 25 start-ups and spin-offs, 10 projects for commercialization of innovations, 2 projects for transfer of technologies and 1 business-technological accelerator.

Two large economic events were implemented in Macedonia in the reporting period. The Macedonian Economic Summit organized by Macedonia 2025 in November 2015 is one of the most important business events in the country. This year over 40 speakers from over 20 countries discussed on topics such as technology, business and leadership. The aim of the event was to initiate and support discussion about the economic development, to present the dynamic and export oriented sectors in the country and the advantages of the Macedonia companies and business climate in the country in general.

The Macedonian agri-business has huge potential that in order to be used requires constant investments in modernization, innovation and knowledge, as well as good strategies for access on foreign markets. Access to finance under favorable conditions was one of the key topics of the Agri Business Forum organized by Prokredit Bank Skopje. At this event, the Ministry of agriculture promoted the Guarantee Fund in amount of 20 million USD established in cooperation with USAID. In the next 10 years the fund shall be realized through few local commercial banks and will work by the principle 50:50.

III. Accomplishments and Activities by Components or by Results

1. Result 1/Component 1 – Microenterprises Programs:

1.1. Accomplishments

The main focus in the reporting period was recruitment of participants for the new generations of Entrepreneurs Class program, as well as recruitment of participants for the Advance programs. Several events for exchange of experience and training sessions were implemented: the last three events for exchange of experience in Northeast region, one in Pelagonija region, one mutual training for Northeast, Pelagonija and East region, part of Sales and Export program, another mutual training for Northeast and East region of the same program, one mutual training for Southwest and Pelagonija region part of the Marketing program, five trainings in Pelagonija region, part of the Sales and Export program, the Certificates Awarding Ceremony, as well as a lot of publications on the internet portals, appearances on TV stations and publications.

1.2. Activities

RECRUITMENT

Basic program – Entrepreneurs Class

Presales:

Southwest, Polog, Northeast, East and Pelagonija region: In the reporting period the main focus was on identifying potential participants for the new generation of Entrepreneurs Class program within MSEP. In this period, several meetings with participants from previous generation were held, as a way to collect recommendations, potential participants (colleagues, partners, suppliers, customer or friends). Also, MSEP coordinators were present on several events organized by other projects and organizations which have activities that involve private sector and entrepreneurs. This was used as an opportunity for networking and making good connections with potential MSEP participants.

Sales:

Southwest, Polog, Northeast, East and Pelagonija region: Recruitment of the new generation of Entrepreneurial Class was commenced in this reporting period.

Regional coordinators had meetings with potential participants in the MSEP, where they could explain the benefits the entrepreneurs can receive by participating in the project. Most of the contacts came as recommendations from the participants from previous generations. The recruitment is still ongoing process and the final number of participants per region will be reported in the next quarter.

Advanced programs (Marketing, Finance, Sales and Export)

Presales:

Southwest, Polog, Northeast, East and Pelagonija region: In this period, preparations for recruitment for advanced programs took place. During several coordination meetings between regional coordinators, the recruitment packages and pricing policy for each of them was completed. The list of potential participants from the regions was also prepared.

Sales:

Southwest, Polog, Northeast, East and Pelagonija region: In this quarter, regional coordinators met the participants for evaluation of the Entrepreneurs Class programs. These meetings were a good opportunity for discussion regarding the advanced programs within the Project and the way they can help improve their knowledge on specific topic (marketing, finance, sales and export) and answering their specific business needs. The entrepreneurs could decide which specific program or package of programs they will follow. The results of the recruitment in this quarter, are presented in the table below:

Basic programs							
Regions:	Man			Women			Total:
	Macedonian	Albanian	Other	Macedonian	Albanian	Other	
Northeast	5						5
Polog	3	1					4
Vardar							
East	2			1			3
Southeast							
Southwest	9	4					13
Pelagonija	3			1			4
Total	22	5		2			29

Advanced programs							
Regions:	Man			Women			Total:
	Macedonian	Albanian	Other	Macedonian	Albanian	Other	
Northeast	1	1		1			3
Polog							0
Vardar							0
East	6			4			10
Southeast							0
Southwest	6	1		1			8
Pelagonija	13			9			22
Total	26	2		15			43

IMPLEMENTATION:

Northeast, Pelagonija and East region: In this period one mutual training session for these three regions took place.



The training was part of the advanced program for Sales and Export and took place on November 30th 2015, in City Hall, Skopje. The topic was “How to increase sales” and the trainer was Mr. Dragisa Ristovski, D.R.Gilbert Training Center – Belgrade, Serbia.

The average grade of the training was 5 out of 5.

Northeast and East region: The mutual training for these regions on topic “Introduction to sales” was held on December 15th 2015 in Hotel Viktorija, Skopje. Trainer at this event was Mr. Petar Lazarov, Makedonija Export. The average grade of the event was 5 out of 5.

Northeast region: Three events from the Entrepreneurs Class program took place in the reporting period:

On October 2nd 2015, in restaurant Gracija, Kumanovo, the fourth event for exchange of experience on topic “Effective marketing approach” took place. Five entrepreneurs attended the event and the guest speaker was Mrs. Irena Jakimova. The average grade was 5 out of 5.

The fifth event on topic “Effective and repeatable sales and export”, was held on October 8th 2015, in restaurant Prado, Kumanovo. The guest speaker was Mrs. Elisaveta Marinkovska and the average grade was 4,8 out of 5.

The last, sixth event for exchange of experience on topic “Finance for entrepreneurs” was held on October 29th 2015, in restaurant Prado, Kumanovo. The guest speaker was Mrs. Biljana Kiselicki and the average grade was 5 out of 5.

Southwest and Pelagonija region: In this reporting period, the mutual implementation of activities, part of the advanced program “Marketing”, was started.

The first event, on topic “Introduction to marketing and elements of marketing mix” was held on December 17th 2015, in hotel Kapri, Bitola. The trainer at this event was Mrs. Irena Jakimova, marketing expert and consultant. The average grade of the training was 5 out of 5.

Pelagonija region: The last session for exchange of experience on topic “Finance for entrepreneurs”, part of the Entrepreneurs Class program, was held on October 6th 2015, in hotel Premier, Bitola. The guest speaker on this event was Mrs. Biljana Kiselicki, Kaveta and the average grade was 4,8 out of 5.

During this reporting period, six training sessions for the program “Sales and export” took place (*the fifth one was mentioned in the paragraph for the mutual event of the Northeast, Pelagonija and East region above*).



First training session on topic “Introduction to sales” was held on October 29th 2015, in hotel Premier, Bitola and the average grade was 4,8 out of 5.

On November 4th 2015 the second training on topic “Sales basics” was held in printing company ANS office in Bitola and the average grade was 4,8

out of 5.

The third training session on topic “Sales tools” was held on November 19th 2015 in the Orbis TV premises in Bitola and the average grade was 5 out of 5.

On December 3th 2015, the fifth training on topic “How to increase export” was held in hotel Premier, Bitola and the average grade was 5 out of 5.

Trainers for these four sessions were Mr. Petar Lazarov and Mr. Kalin Babusku, Macedonia Export.

The last one, sixth training on topic “Sales skills” was held on December 10th 2015 in hotel Premier, Bitola, with the trainer Mr. Ilijanco Gagovski, PrymApps. The average grade was 5 out of 5.

CEED Club activities - Networking and Learning Events:

On October 14th 2015, the annual Certificates Awarding Ceremony was held at hotel Aleksandar Palace in Skopje. Approximately 300 entrepreneurs, managers and mentors were awarded with certificates for membership in the CEED Business and Educative Club, as well as for the participation in the training programs in CEED and MSEP. CEED Macedonia awarded 117 certificates to participants and 47 certificates to mentors in the USAID Micro and Small Enterprises Project.



The event was opened by the USAID Mission Director James Stein who congratulated this year's participants and noted “Micro and small companies, scattered across the country, collectively employ the most people. As such, they have significant potential to drive Macedonia's economic growth, yet often the smaller the company, the larger the challenges are to establish or expand it. Our goal is to provide owners of small companies the knowledge, skills, and access to finance they need to grow their businesses and create new employment opportunities.”

Ms. Katharina Stocker, Deputy Head of Mission, Embassy of Switzerland in the Republic of Macedonia noted, "The number of women entrepreneurs joining us continues to grow. I encourage women to actively engage in business, to be strong leaders and generators of the Macedonian economy."

The event was open to anyone who was interested to participate in the CEED Global network. Around 500 entrepreneurs and executive managers attended the event in order to learn more about successful business stories created by linking participants with mentors and entrepreneurs who can help them in their business, provide them with business know-how solutions and access to new markets.

COLLECTION:

The activities for collection of receivables had resulted with improved collection ratio. As a result, the current collection ratio of different programs is as following:

Regions:	Entrepreneurs Class Generation 1, 2 & 3	Entrepreneurs Finance Class Generation 1 & 2	Entrepreneurs Marketing Class Generation 1	Sales and Export Program Generation 1
Skopje	95,86%	100,00%	86,13%	
Polog	73,00%	100,00%	33,33%	
Vardar	87,36%	78,53%	37,07%	
Southeast	100,00%		84,49%	
East	91,67%			
Southwest	40,24%			
Northeast	75,17%			
Pelagonija	68,74%			
Total	79,01%	92,84%	60,26%	64,92%

PR & MEDIA:

During this quarter, a large number of texts were published regarding the Certificates Awarding Ceremony on the Business Info portal, as well as on other media. Below are the links of these publications:

<http://bi.mk/usaaid-im-pomaga-na-mikro-i-malite-biznisi-da-uspeat/>

<http://www.biznisvesti.mk/usaaid-im-pomaga-na-mikro-i-malite-biznisi-da-uspeat/>

<http://makfax.com.mk/ekonomija/makedonija/usaaid-im-pomaga-na-mikro-i-malite-biznisi-da-uspeat>

<http://denar.mk/95213/ekonomija/usaaid-im-pomaga-na-mikro-i-malite-biznisi-da-uspeat>

<http://www.mkd.mk/makedonija/ekonomija/usaaid-im-pomaga-na-mikro-i-malite-biznisi-da-uspeat>



<http://tocka.com.mk/1/173805/usaidsimpomaganamikroimalitebiznisi-da-uspeat>

<http://faktor.mk/2015/10/15/usaidsimpomaganamikroimalitebiznisi-da-uspeat/>

<http://emagazin.mk/vesti/vesti/13878>

<http://tvorbis.com.mk/?p=19073>

<http://mia.mk/mk/Inside/RenderSingleNews/103/132845070>

<http://bi.mk/kako-vashiot-biznis-da-raste-i-vo-kriza/>

http://kurir.mk/makedonija/vesti/217005-Dodeluvanje-sertifikati-na-sopstvenici-na-mikro-i-mali-biznisi?utm_source=feedburner&utm_medium=feed&utm_campaign=Feed%3A+kurir%2Fmakedonija+%28D0%9AD1%83D1%80D0%B8D1%80+-%D0%9CD0%B0D0%BAD0%B5D0%B4D0%BED0%BD%D0%B8D1%98D0%B0%29



<http://fox.mk/aktuelno/makedonija/dodeluvane-sertifikati-na-sopstvenitsi-na-mikro-i-mali-biznisi/>

<http://lider.mk/2015/10/14/dodeluvanje-sertifikati-na-sopstvenici-na-mikro-i-mali-biznisi/>

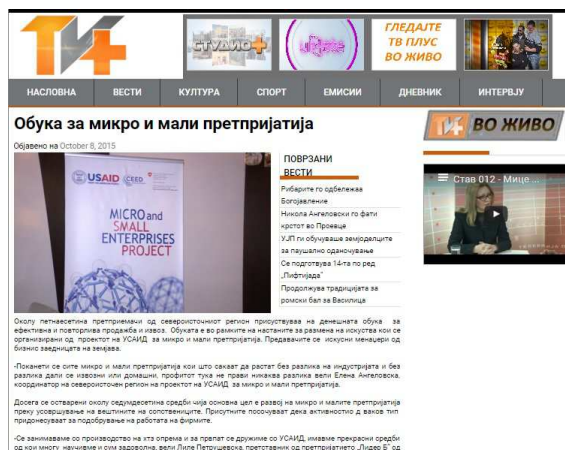
<http://www.alfa.mk/News.aspx?ID=100464#.ViCijmqgko>

<http://vecer.mk/ekonomija/dodeluvanje-sertifikati-na-sopstvenici-na-mikro-i-mali-biznisi>

<http://www.press24.mk/dodeluvanje-sertifikati-na-sopstvenici-na-mikro-i-mali-biznisi>

http://kanal5.com.mk/vesti_detail.asp?ID=80935

There were publications about the MSEP activities in the Northeast region, on two regional TV stations, Plus TV and K3.



<http://tvplus.mk/%D0%BE%D0%B1%D1%83%D0%BA%D0%B0-%D0%B7%D0%B0-%D0%BC%D0%B8%D0%BA%D1%80%D0%BE-%D0%B8-%D0%BC%D0%B0%D0%BB%D0%B8-%D0%BF%D1%80%D0%B5%D1%82%D0%BF%D1%80%D0%B8%D1%98%D0%B0%D1%82%D0%B8%D1%98%D0%B0/>

<http://www.kumanovonews.com/vesti/biznismenite-od-regionot-se-obucuvaa-za-prodazba-i-izvoz>

<http://mia.mk/mk/Inside/RenderSingleNews/134/132838692>

Other media appearances:

- Biljana Damevska at MTV, Morning program, 5.10.2015
- Elena Angelovska, Macedonian Radio, 17.10.2015
- Elena Angelovska and Marija Akimovska, 1 hour program at K3 TV, Kumanovo, 10.10.2015
- Biljana Damevska, MTV, 28.12.2015

<https://www.youtube.com/watch?v=QfsKzgVzIlo&feature=share>



Open call for participation in the Project was published at:

<http://bi.mk/vo-tek-se-upisite-za-pretpriemachi-vo-proektot-na-usaid-za-mikro-i-mali-pretpriatija/>

1.3. Upcoming activities

- The recruitment process will continue in every region for every program – basic and advanced;
- In the upcoming period the activities of the new generations of Entrepreneurs Class program in the East, Northeast, Southwest, Pelagonija and Polog region shall take place;
- The implementation of advanced programs will continue: Marketing and Finance program for East, Northeast, Pelagonija and Southwest region, Sales and Export for East and Northeast region;
- Mutual networking learning events will be implemented for the participants in the programs, together for all regions.

2. Result 2/Component 2: Business Support Services

2.1. Accomplishments

As of the start of the project in July 2011, total of 181 project beneficiaries used or expressed interest to use offered Business Support services such as: technical assistance from local consultants, technical assistance from international consultants, support for accessing the neighboring markets and support for accessing regional markets, attending local conferences, analysis of the economic health indicator of the company etc.

2.2. Activities

In the reporting period we continued **with realization and implementing of various types of actions under Component 2**. More specifically, the following activities took place:

1. *In-company interventions by local consultants, regional consultants and project staff:*

- Services from a local consultant **for development of a business plan**– initially expressing an interest to implement ISO 9001 and 140001, Vodoplast Kocani decided that at this point it will rather have a support for developing a business plan. Based on previously established cooperation, through a non-competitive procurement, ESA Tetovo helped Vodoplast draft a business plan. The process of development included a financial analysis of the last two years of the company, interview for the new idea-investment, developing of the business plan and finalizing it.
- Services from a local consultant **for development a business plan** -the company CEMOS Kumanovo, producer of bathing and household sponges and luffas, expressed an interest for a support from a consultant – developing a business plan for a new product that the company want to introduce at the market. Having in mind that the selected consultant was from the same region, through a non-competitive procurement, the company received a full-blown business plan.
- *Services for transfer of knowledge from a foreign consultant* – in this quarter our participant **Uniplast Struga** completed usage of the service for transfer of knowledge from a foreign consultant.

Based on the information provided by the company, received business support will result in creation of four new jobs.

- *Expressed interest for Business Support Services* – an interest in using BSS services were expressed by five additional companies: File Turs, a trade company from East Region Macedonia expressed an interest in procurement of financial software, a printing house ANS from Pelagonija region needing re-organization of the company processes, a dairy farm from East region, Alpina Day, needing a software for financial management as well as Ale Dar from East Region, producing PVC products, requested support for CRM software.

2. Access to regional markets

- In the reporting period, no activities took place for access to regional markets.

3. Access to finance – Business Angels Co-Investment Fund (BACIF)

Two second round business ideas pitching events were organized on October 2nd and October 29th 2015. At the first event Jovana Temelkoska had a chance to present in more detail her idea for Radio Network for Children and to receive advice from the present business angels how to adjust her business plan. On the second event, Aleksandar Dimeski had a one-on-one meeting with present business angels and discussed the possibilities for manufacturing a prototype of his business idea – Sun collector/power station. Both presenters were given with lead business angel that will help them to further develop the idea by providing contacts and recommendations before a decision for final investment is made.

On December 22nd 2015 we organized a pitching contest for presentation of brand new business ideas. Ten start-ups had a chance to present their business ideas in front of present business angels. Based on these presentations, four of them will have a chance to further elaborate their ideas at second round of pitching which will be organized in February 2016.

In September 2015 the Business Angels – investors in the WeLrn had a regular meeting with Petar Ninovski, the owner, to discuss the progress and planned company's next steps.

Petar provided status report on the undertaken activities in the previous period regarding the WeLrn platform:

- Drafting and designing a brand (logo and typography) – Completed
- Web layout - Completed
- Courses search - Completed
- Multifunctional course creating tool – Completed
- Multifunctional virtual classroom for tracking courses - Completed
- Instructors and students profiles – Completed
- Discount coupons creating tool - Completed
- Payment system for students and Pay out system for instructors - 10% Completed (Petar informed that they are looking for a Payment processor through which we can legally perform transactions. This is currently their only problem and reason to slow down the whole process)
- System of scoring the success of students and instructors and statistics - 50% Completed (needed 1 week to be completed)

Due to longer process for setting the payment system and for the purpose of creating a source which can in meantime cover the expenses of WeLrn they created the Brainster platform, which is available only for the Macedonian market.

In the first month of operation, Brainster showed the following results:

1. Registered 5,000 potential courses participants
2. Over 10 courses held in the first month (+ 5 which are being sold till the end of December 2015)
3. Sales, in the first month, is around 70,000 MKD with average margin of 50%.

The Brainster platform has enormous potential for growth both in Macedonia and abroad. Petar informed that he started thinking about hiring someone part time in order to finish activities around Brainster so that he could remain completely focused on building WeLrn. Based on his projections, if one part time employee is hired, it is expected that in 2016 Brainster will make sales between 30 000 EUR and 50 000 EUR, assuming that Brainster remains operational only in Skopje. It should be noted that there is already interest from partners in Athens and Sofia for expanding Brainster in those cities.

In the final stage of negotiations is the investment in the business idea for First Ride Share Network. The total value of this business idea is 60,000 EUR. It is expected that it will be prepared to be presented in front of the BACIF Committee in early February 2015.

In order to further promote and expand the activities of BACIF, in December 2015 the Deputy Chief of Party and the Coordinator for Component 2 held a meeting with the Director for the Fund for innovation and technological development. We discussed the possibilities for cooperation and agreed that interested participants who were not able to receive funding from the Fund for innovation and technological development could present their business ideas in front of the CEED's Business Angels Club and BACIF at event to be organized in February/March 2016.

Jovan Madjovski, CoP is part of the working group organized by the Government of RM in order to draft proposal for Law on Business Angels Activities in the country. The group had one meeting held in the reporting period.

4. Access to a Business Support and Growth Environment

The team further developed the activities under this action and submitted them to USAID for an approval.

The purpose of this activity is to provide access to innovative and inspirational working environment to 50 early phase entrepreneurs and companies, free-lancers and individuals who would like to start their own business in order to instigate the growth and development of the businesses, that would subsequently lead to creation of new jobs.

Through offering co-working, incubation and acceleration services, the beneficiaries will receive:

- Working environment – desk, conference room, access to internet and meeting space
- Access to information – fairs, trends, conferences, round tables and other entrepreneurship related opportunities
- Access to knowledge – experience exchange and skills enhancement events
- Access to potential partners clients and markets – through b2b and networking events
- Access to funding – pitching in front of CEED Business Angels Club

- Support from professionals for innovative and creative thinking – advise from an innovation specialist and business management consultants.

At the beginning, there will be 3 main packages offered to the beneficiaries: a monthly, a weekly and a daily package. The monthly membership will in essence represent the acceleration program/support for the start-ups, as it has longest duration and it encompasses the learning programs, support from mentors and coaches and access to information and knowledge, and access to finance needed to accelerate the start of the new or to accelerate the operation of already established, start-up companies.

The beneficiaries of this activity will be asked to provide a cost-share according to the following:

	Monthly	Weekly	Daily
Cost-sharing by beneficiaries	\$ 60	\$ 30	\$ 10
One-time services			Cost-sharing by beneficiaries
Renting the conference room			\$ 100/daily
Consultancy services			\$ 150/daily
Published interview on www.bi.mk			\$ 50
Logistic support in organization of events and promotions			\$ 50
Translation services			\$ 10/page
On-site technical support			\$ 50/daily
Mail handling and package delivery			\$ 30/monthly
Maintain a business address			\$ 30/monthly
Receiving information on the major business activities in the country and the region			\$ 30/monthly
Access to contacts with key local professionals such as lawyers, consultants, accountants, etc.			\$ 30/monthly
Subscription to CEED weekly newsletter			\$ 30/monthly
Maintain a business address			\$ 30/monthly
Receiving information on other investment opportunities in the country and region			\$ 30/monthly
Participating in specialized learning events in CEED			\$ 50
Participating at 2b2 bilateral and multilateral meeting organized by CEED/MSEP in the region			\$ 50
Participating at networking events of the CEED club			\$ 30

The collected funds will be kept on the “Scholarship Fund” account and used upon the closing of MSEP for the sustainability of this activity.

In order to identify the most perspective entrepreneurs or people who have most innovative ideas, CEED will establish cooperation with Summer Work Travel Alumni and with Mladi Info, non-governmental organizations the activities of which focus on youth, and promotion of entrepreneurship and start-up companies. At the same time, those organizations will open their content (trainings, development programs, seminars, lectures, workshops) that is targeted to youth,

to the beneficiaries of this activity. Detailed Memorandum of Understanding will be signed with both entities, describing roles, responsibilities and tasks of each of the above mentioned organizations. At the same time, CEED will promote the activity on youth portals and through the CEED community.

So, in the reporting period, and in parallel, the team worked on venue adaptation, as well as on establishing strategic cooperation with Mladi Info and Summer Work Travel Alumni. The team also started recruiting participants through one-on-one selection process who will use the services of this activity.

5. *Participation at local Business Conference*

Five MSEP project beneficiaries (Aronija Zdrava Hrana Veles, Extra Fungi Kocani, Geonet Skopje, Trafo Ohrid and Uniplast Struga) were co-financed to participate at the Macedonia Investment Summit organized by Macedonia 2025 in Skopje in the period November 18-20, 2015. The participation at this event offered the participants an opportunity to hear and learn from inspiring speakers from over 20 different countries, to network and explore opportunities for export and expand their business outside the Macedonian borders.

2.3. Upcoming Activities

In the upcoming period we will continue with started activities for delivery of Business Support Services for the companies that have sent applications and expressed interest, as well as with organizing access to finance and access to foreign markets activities. New investments will be made under BACIF. The official launching of the Access to Business Support and Growth Environment center will be on February 17th, 2016.

3. Result 3/Component 3: Equity, Quasi Equity and Angel Capital Funding

3.1. Accomplishments

Micro Investment Fund (MIF or the Fund) is a private equity fund with initial capital commitment of USD 800,000 registered in June 2012 in the Private Equity Funds Register within the Macedonian Security Exchange Commission in accordance with the Macedonian Law on Investment Funds. The fund is founded by a Foundation CEED Macedonia and represents a part of a "Micro and Small Enterprises Project" awarded by USAID, more exactly the third component of the aforementioned project. The fund is managed by a Fund Management Company - SPMG Capital Skopje, which was selected and approved by USAID as a sub-contractor for the third component of this project, in accordance with the Cooperative Agreement No. AID-165-A-11-00002.

3.2. Activities

Right after the MIF foundation, the investment team has started with the further stages of the investment process, more exactly with screening of the existing MSEP participants (I and II component) in order to identify some potential investees. After the delivery and receipt of the first and second questionnaires to all interested MSEP participants, several meetings were organized with the owners/managers of the companies that we consider prosperous for investment.

- After performing a due diligence procedure, presentation of the company to the IRC, and approval of both IRC and USAID observer, the MIF's first investment was made in Aronija Zdrava Hrana on June 06th, 2013.
- MIF's second and third investments were made in Geonet GPS and Extra Funghi on 18th and 22nd February 2014, respectively.
- MIF approved additional 50,000 USD debt financing for Aronija on May 16th, 2014, related to launching the first gluten-free product line.
- The fourth investment of MIF in Eko Plast - Tehnika (engaged in plastic recycling of "PET" waste plastic bottles) was approved by MIF's IRC on June 13th, 2014.
- The fifth investment was made in Certiadria (engaged in providing professional educational and certification services in the IT industry in the Adriatic region) on September 9th, 2014.
- The sixth investment was made in Dals (engaged in spiral notebook & arch file manufacturing, and stationary trade) on March 11th, 2015.
- The second tranche of the loan in Eko Plast-Tehnika was disbursed on March 13th, 2015.
- The second tranche of the loan in Certiadria was disbursed on May 6th, 2015.
- In May 2015, the Board of Directors approved the extension of the fund investment period until March 1, 2016.

Further is presented a brief overview of the investees and some of the potential companies for investment.

- **Aronija Zdrava Hrana - Veles – (Healty food production and trade)**

Stage: Investee

Company Overview. Aronija Zdrava Hrana is a company engaged in manufacturing and trade of natural and organic food. The company exists on the market for more than 10 years and is located in Veles. The company is engaged in the light manufacturing of various types of health food, more exactly vegetarian and vegan food. The product range is extended with a lot of imported goods in order to complete the healthy food program and meet the customers' requirements. In September 2012, the company acquired the renowned retail store specialized for health food - "Biona", while at the end of March 2013 it launched one more retail store under the same brand name. The management team of the company consists of husband and wife (Mr. Nenad Staik and Ms. Aneta Staik) fully committed to the business with extensive working experience in the health food industry, mainly in the developed countries.

After performing a due diligence procedure, presentation of the company to the IRC, and approval of both IRC and USAID observer, the MIF's first investment was made in Aronija on June 06th, 2013. The required MIF's funds were partially used for adaptation of manufacturing facilities to comply with HACCP standards. Furthermore, the funds will be used for expansion of the production capacity & new equipment (used for the production of the existing and new products) and for the permanent

working capital purposes. In addition, MIF investment team was working closely with the company to select a responsible person for development of the distribution capability of the company.

Since the beginning of 2013, the MIF's investment team actively participates in the company's ongoing re-organization process that started with implementation of the software for material accounting. Since September 2014, the material accounting software was completely replaced with an ERP software solution (tailored to small companies). This software solution is useful for establishment of the sound accounting and internal control system and will assist the company to further improve its internal business processes (effectiveness, efficiency and economy).

The successful track-record shortly after the initial investment, contributed MIF to approve an additional 50,000 USD debt financing for Aronija on May 16th, 2014, related to launching the first gluten-free product line.

In honor of its 10-year anniversary, the company rebranded all of its product lines under the name "Biocosmos", having in mind the future growth possibility through selling franchise agreements to other health food stores. Besides the two stores in Skopje, one in Veles, one in Ohrid and one in Bitola, Aronija also expanded its presence with another 14 health food stores which operate under the "Biocosmos" brand, by selling the franchise agreements.

Furthermore, in order to support the strong growth path of the company, on September 12th, 2014, MIF's IRC approved an additional investment of EUR 200,000 from the SEAF Macedonia II Fund by which SEAF was accepted as an additional partner/co-owner in the company. The investment was structured as a mezzanine type of deal, providing EUR 15,000 contribution in equity and EUR 185,000 loan (that should be disbursed in three tranches). The company is expected to employ more than 30 new people over the next 5-6 years.

The company's annual sales revenues in 2015 increased by 21% (YoY), reaching MKD 39.8 million (≈USD 737k). Due to its rapid growth, the company has started a reorganization process and ERP software implementation (ERP solution tailored for small companies), in which MIF's investment team is deeply involved and takes frequent discussions on the company's long-term strategy.

During the last quarter of 2015, the company was in process of preparing more commercial products like organic and gluten-free crunchy muesli with various seeds and cornflakes. As a part of the general marketing activities, new packages were introduced for most of the products.

- **Geonet GPS – Skopje (GPS solution and IT)**

Stage: Investee

Company Overview. Geonet was founded by Mr. Tode Bucevski in 2003 as a limited liability company as the first company in the country engaged in implementation of advanced GPS solutions that enable follow up, monitoring and vehicle safety, and planning of their movements on very simple and sophisticated way. Continuously growing in the area of its core competencies, Geonet now represents the leading GPS fleet management service provider. The number of the company's full time employees is 13, with a capacity of employing additional 5-7 employees in the next 4 to 5 years. The company is completely focused on meeting the client's requirements & needs by offering them a tailor-made GPS solution and premium quality service, pre and after sales.

MIF's investment team closed the investment deal on 18th February 2014. The company's 2014 results did not exceed the MIF's projected sales level, but MIF's investment team was assured by the GM that MIF's projected revenues will be accomplished in the upcoming period. The growth deceleration in 2014 was due to the slow immediate response of prospective clients for the new products launched by Geonet, postponing the initially projected growth. In spite of the assurance of the managers, 2015 was not any different in terms of reaching and exceeding the projected sales level. The sales in 2015 decreased by 3% compared to the sales in 2014.

As a result of the continuing efforts in R&D, in 2015 Geonet has launched 2 new products ((1) protection from stealing / remote electronic blockage for motorcycles and (2) video surveillance linked with the GPS devices) and continued the negotiation with several prospect clients. The year ended with signed agreements for cooperation with several prospect partners, i.e. partners that will offer Geonet's GPS solutions on the markets in Kenia and USA (Tulsa, Oklahoma and Chicago). It is expected that in the following period, the new established cooperation with the partners will improve the state with the decreasing sales.

- **Extra Funghi - Kocani (Mushroom & Wild Forest Fruit wholesaler)**

Stage: Investee

Company Overview. Extra Funghi was founded by Mr. Sashko Antovski in 2006 as a limited liability company that started with buyout and processing of wild forest mushrooms intended for export sales. In 2007 the company decided to build modern production and cooling facility in order to improve the conditions for export and to increase the production and storing capacity, further expanding the business in the area of fruits and vegetables. In 2012 the company constructed additional part to the facility. Currently, the cooling facility is comprised of nine freezers with total capacity of 4,420 m² (five are with capacity of 500 m³, two with capacity of 150 m³ and another two with capacity of 1400 m³ and 220 m³).

In 2008 the company expanded the product range with additional wild forest fruits, such as blueberries, blackberries, rose-hip, etc., while in 2012 they added fruits like plums, strawberries, melon and apples to the product range, further increasing the capacity utilization by shrinking the seasonality gaps in the business. The area of Kocani (120 km south-east from Skopje), where the company's operations take place, is well known by its agricultural production. Having a large number of sunny days, fertile soil and clean environment, Kocani is famous by its tasty and healthy fruits and vegetables.

Extra Funghi has a successful track record of increasing its sales revenue and profits - which have been reinvested to finance growth. The company is completely focused on the EU market, for which the market demand constantly increases. By having a good cooperation and solid business links with local farmers and forest fruits collectors from Osogovo Mountain, Extra Funghi creates a link to demanding markets for high quality mushrooms, fruits and vegetables. MIF's investment team closed the investment deal on 22nd February 2014.

The company's sales revenues in 2014 increased by 53% reaching MKD 137 million (≈USD 2.491 million), exceeding MIF's projected sales level by 37%.

In 2015 the company's sales revenues continued to grow, but due to the dry summer with high temperatures and low precipitation, the sales of the seasonal summer products was not as expected. Even with the sales of the autumn products in the fourth quarter of 2015, the total sales revenue did not reach the 2014 sales. The sales revenues in 2015 decreased by 8%.

Extra Funghi is making best efforts to expand its customer base by exporting to the Kosovo market in the first quarter of 2016. The possible successful business arrangements will be known in the upcoming period.

Currently, the number of company employees is 25, which is increase of 17 (newly created jobs) since MIF's initial investment.

- **Eko Plast-Tehnika - Kavadarci (plastic recycling of "PET" waste plastic bottles)**

Stage: Investee

Company Overview. Eko Plast – Tehnika was founded by a single owner - Mr. Riste Andov in January 2014, as a limited liability company engaged in plastic recycling of "PET" waste plastic bottles that are used in the production of pet flakes, which is the basic raw material for polyester fibers used for packaging of food & beverages, cosmetics, detergents and pharmaceutical products.

The owner has extensive experience in this business, holding the General Manager position at a similar company – "Di-Mir Group" for more than 3 years, which after some disagreements with the company owners he decided to terminate his employment, in order to establish and run his own company in the same industry. The company pursues triple bottom line objectives, more specifically, the commercial, social and environmental objectives. Currently, the number of company employees is 8, which is increase of 2 employees since the MIF's initial investment. Seven (7) new employees are expected to be employed in the upcoming quarter.

The company's 2014 results exceeded MIF's royalty fees threshold but did not reach the targets for disbursement of the second loan tranche. This was mainly due to procurement of an additional line of equipment for significantly lower price, but before the disbursement of the second loan tranche – initially planned for the aforementioned investment (therefore decreasing the initially planned working capital of the company and decelerating the projected growth). Nevertheless, the second loan tranche was disbursed in March 2015, after modified disbursement proposal was approved by IRC.

The increased working capital resulted in exceeding MIF's projected sales level by 22%, while the company's sales revenues in 2015 increased by 76% reaching MKD 23 million (≈USD 422k).

- **Certiadria (Licencing & certification of IT professionals)**

Stage: Investee

Company Overview. Certiadria is regional education and certification company for the Adriatic region. Company was established in July 01, 2012, it is located in Skopje and cover territory of following nine countries: Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Kosovo, Malta, Montenegro, Serbia and Slovenia.

Certiadria is committed on providing educational and certification services in Adriatic region for global professional impact and builds strong connections between academic and industry world.

What differentiates and gives unique value to Certiadria are the partnerships established with the world's leaders in publishing and certification. Being leader in this field and offering world recognized education and certification solutions, they ensure companies, educational centers, academic and government institutions, that together they play a major role in society in a manner of creating and providing professionals through their services. The idea for entering into this area was brought by the vision to bring Adriatic countries closer to the digital world of professionalism and to set world standards and values.

MIF invested in the company on September 9th, 2014. The company's sales revenues in 2014 increased by 90% reaching approximately MKD 2,95 million (≈USD 56k). On May 6th, 2015 the second loan tranche was disbursed to Certiadria.

In 2015, the Company faced some delays in realization of the planned projects, which resulted with a loss in the third quarter of 2015. The delayed projects were realized in the last quarter of 2015, thereby improving the company's financial results. The company's sales revenues in 2015 increased by 87% reaching approximately MKD 5,5 million (≈USD 102k).

The company's 2015 results exceeded the MIF's projected sales level for approximately 107% and the threshold level for the royalty fees.

Currently the number of company employees is 2, which is addition of 1 newly created job since the MIF's initial investment.

- **Dals (Stationary trader and producer)**

Stage: Investee

Company Overview. Dals is a stationary trading company that has recently entered in the production of spiral notebooks and arch files with various designs. All manufactured products are exported to Turkey, Bosnia, Bulgaria, and Montenegro, with plans for further expansion to the Kosovian, Hungarian, Croatian, Slovenian, and Greek market in the forthcoming period.

In 2014 the company export comprised around 1/3 of the total revenues, tending this proportion to significantly increase in favor of export. The company strategy is to continuously decrease the trading activities and to completely focus on production and export. This strategy will ultimately result in import substitution.

MIF completed the investment in Dals on March 11th, 2015. The funds will support the company's growth, financing the working capital needs, software implementation and purchase of new equipment. The company succeeded to buy the equipment during the first quarter of 2015 and has already started with implementation of the planned projects that should ensure the company growth. In 2015 the Company was focused on export of its products to the Kosovo market.

Pipeline of potential investments

- FinoFruti – retailer of fruits and vegetables (potential investee in MIF's pipeline)
- La Dama - First local producer of women stockings
- Digital Star (Creative house) - Company for digital marketing
- Uniplast - Van Hool supplier of plastic parts

3.3. Upcoming Activities

The investment team will continue with the pipeline development, and development of the investment opportunities. The team will make best effort to include in its pipeline companies owned by persons from Albanian nationality. Moreover, investment professionals will be further involved in the strategic issues of its six investees - Aronija, Extra Funghi, Geonet, Eko Plast-Tehnika, Certiadria and Dals. The prospect companies that fulfill the investment criteria will be presented to the IRC as soon as possible.

4. Project Management Activities

During the reporting period regular activities related to administration, finance and management of the project have been undertaken.

On November 10th, 2015 we had the regular biannual Advisory Board Meeting of the Micro and Small Enterprises Project on which we discussed activities implemented and results achieved in project's year 4, we reviewed the main findings and recommendations of project's External Evaluation and presented our plans for the year 5. On this meeting CEED informed about its intention to request non-cost extension of the project through March 31, 2017. The first draft of our request for non-cost extension was sent to the AOTR on December 4, 2015.

In November 2015 we received the Post-award survey report from RFMC/USAID Bosnia and Herzegovina. In the reporting period CEED started working on preparing action plan and responses to the recommendations included in the report.

On December 15th 2015 part of MSEP team (the DCOP and the Finance Officer) attended the Local Capacity Development Workshop organized by RFMC/USAID Bosnia and Herzegovina.

5. Monitoring and Evaluation

No monitoring and evaluation activities were undertaken in the reporting period.